

Update for

Cuyahoga County Property Consolidation

October 21, 2013



CBRE **URS**

In partnership with





Initiative II Overview – Cuyahoga County Processing Center

- **Project Vision**
- **Facility Overview**
- **Request for Proposal and Selection Process**



Project Vision

Cuyahoga County Property Consolidation Initiative II

- To consolidate functions related to records management, property and document acquisition/storage, scanning, retention, and preservation (Archives) in a single location with shared resources, space, and logistics.
- To enhance records management programs already in place with County, streamlining and reconciling retention policies of each department for long- and short-term storage while paying particular attention to their individual needs.
- To create efficiencies in function and cost, establishing a common facility manager with supporting staff (clerk, driver, movers) that can schedule, pick-up and deliver, load and move records, etc. Facility process flow charts available.
- Streamline facility management and communication, and ensure the needs of all occupants are being met overall and departmentally.

Project Vision – Additional Benefits

Cuyahoga County Property Consolidation Initiative II

- By consolidating, individual departments get flexibility for short-term space need fluctuations.
- Operational advantages and logistical efficiencies can be realized by having these multiple County agencies adjacent to one another.
- Provides County Agencies more leverage in regards to facility operation and control (eg. BOE peak cycles and dock usage).



Facility Overview – Occupants

Cuyahoga County Property Consolidation Initiative II

Board of Elections (29 FTE)

- Staff Workspace
- Election Support / Staging
- Ballot Department
- Storage

DCFS and JFS (10 FTE)

- Staff Workspace
- Records and Furniture Storage

Fiscal Scanning Microfiche (34 FTE)

- Records Scanning
- Records Microfilming

Protective Services (3 FTE)

Public Works (8 FTE)

- Facility Manager and Staff
- Furniture Storage
- Records Storage / Retention

County Archives (5 FTE)

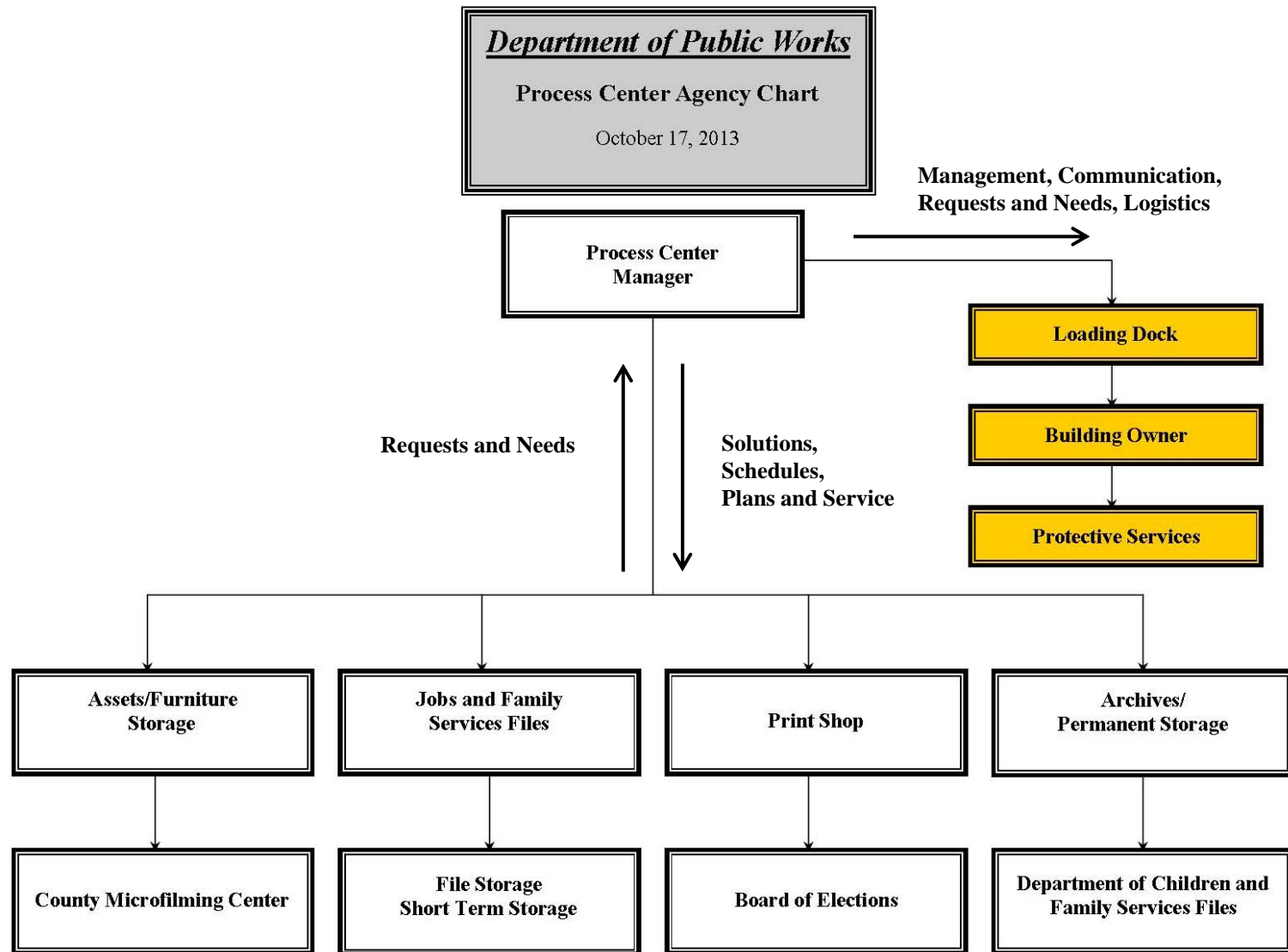
- Public 'Reading' Room
- Dedicated Staff / Volunteer Workspace
- Archives
- Storage

Print Shop (11 FTE)

Note: Staffing, counts, space, etc. are estimates subject to change as plans develop and finalize.

Facility Overview – Agency Chart

Cuyahoga County Property Consolidation Initiative II



Facility Overview – Real Estate Parameters

Cuyahoga County Property Consolidation Initiative II

- Located within City of Cleveland (County seat for BOE)
- Within reasonable proximity to Cleveland CBD (Euclid and East 30th for BOE, central for other agencies)
- Major Considerations
 - Economics
 - Quality, track record of Landlord
 - Building Efficiency and Structure
 - Accessibility / Public Transit / Parking Access
 - 10-Year Term with renewal rights
 - Flexibility of footprint to account for changes in technology and laws

Processing Center Program Requirement	Allegro Estimate 2011	URS Program 2013
Headcount	NA	116
Total USF	202,400 SF existing	204,000 USF

Request for Proposal (RFP) Outline

Cuyahoga County Property Consolidation Initiative II

- RFP and Scoring presented by Public Works and CBRE July 2012
 - Feedback from County Council incorporated prior to release
- Economics most important consideration
- New construction an option for proposals
- Over 28 local and national development and ownership groups formally registered and evaluated project

RFP Scoring (100 point total)

Proposing Parties – 5 pts

Premises – 10 pts

Term – 5 pts

Economics – 30 pts

Premises Improvements – 10 pts

Building Considerations / Services – 25 pts

Other Terms and Conditions – 15 pts

Various requirements allow for disqualification



Selection Process

Cuyahoga County Property Consolidation Initiative II

- Timeline of Selection and Announcement
 - Proposals received and sites toured September 2012
 - Proposals and initial scoring results presented to Council October 2012, negotiations ensued with short list
 - Revised proposals and final scoring results presented to Council April 2013, with questions addressed June 2013, final contract negotiations ensued
 - Public announcement and Council Committee meeting August 2013
- Evaluation and project development over 19 months
 - Total 3rd party consultant investment to date of \$263,299 for Real Estate, Architectural and Engineering, and Legal
 - Costs for Real Estate and Legal capped due to contracts, actual consultant time investment valued over \$300k
 - 520 Hours of County Personnel and Staff time



Initiative II Evaluation – Proposals and Selection

- **Proposals Submitted**
- **Scoring and Economic Evaluation**



Proposals Submitted – Recap

Cuyahoga County Property Consolidation Initiative II

- 7 Proposals Submitted
 - All existing sites in various condition
 - No new construction
- 2 Recommended for Short List:
 - Halle Industrial Warehouse
 - Shoreway Commerce Park
- 5 Removed from Consideration
 - Warner & Swasey Building
 - Richman Brothers
 - 18901 Euclid
 - 8001 Krueger
 - 925 Euclid

Shoreway Commerce Park

Cuyahoga County Property Consolidation Initiative II

799 E. 73rd Street

Ownership/Developer:	First Interstate Properties
Proposed Premises:	186,570 rsf
Average Annual Base Rent:	\$4.40 per rsf modified gross
Concessions:	6 Months Free Rent + \$400,000 towards relocation
Tenant Improvements:	\$5,120,500
Average Annual Occupancy Cost*:	\$10.11 per rsf \$1,887,100
Parking:	50 Underground spaces, 20 surface alongside side entry free of charge, plus agreement not to develop adjacent field for use as parking during elections.
Other:	Entire complex is 450,000 sf; Adjacent 14k sf available at time of proposal; Complex financing limits option to purchase and flexibility.



Shoreway Commerce Park

Cuyahoga County Property Consolidation Initiative II

799 E. 73rd Street – RFP Scoring

Scoring Categories	Maximum Points	Points Awarded
Proposing Parties	5	4
Premises	10	10
Term	5	5
Economics	30	26
Premises Improvements	10	10
Building Considerations/Services	25	25
Other Terms/Conditions	15	15
Total Points	100	95

Pros:

- Single story layout
- Higher ceilings – 22'
- Ample parking for election night
- Aggressive package

Cons:

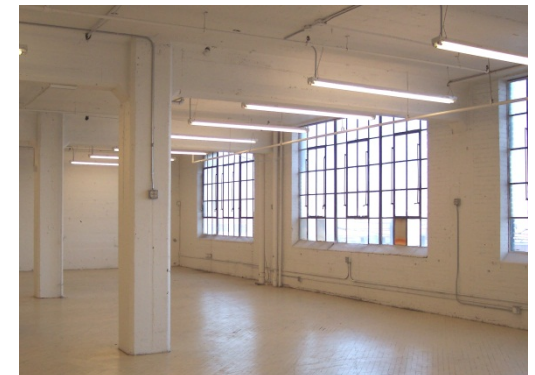
- Higher cost
- Higher moving and renovation cost
- High debt on property
- Neighborhood amenities are limited
- Poor public transit access
- Multi-tenant property

Halle Industrial Warehouse

Cuyahoga County Property Consolidation Initiative II

1890 East 40th Street

Ownership/Developer:	Graystone Properties
Proposed Premises:	207,710 rsf
Average Annual Base Rent:	\$4.77 per rsf modified gross
Concessions:	3 Month Rent Discount + \$106,000 towards relocation and design
Tenant Improvements:	\$2,147,500 + Base Building Work
Average Annual Occupancy Cost*:	\$8.14 per rsf \$1,691,600
Parking:	Up to 70 Underground spaces and 15 surface free of charge
Other:	Building currently houses BOE and JFS in approx. 100k sf; Proposal does not charge CPC for entire Premises; Adjacent 15k sf available; 121-Month term; Establishes formal communication protocol; Complete signage and naming rights; Option to purchase after term and 2 renewals for \$1.00.



Halle Industrial Warehouse

Cuyahoga County Property Consolidation Initiative II

1890 E. 40th Street – RFP Scoring

Scoring Categories	Maximum Points	Points Awarded
Proposing Parties	5	5
Premises	10	8
Term	5	4
Economics	30	29
Premises Improvements	10	10
Building Considerations/Services	25	24
Other Terms/Conditions	15	15
Total Points	100	95

Pros:

- Lower annual cost
- Lower moving and renovation costs,
- Some Security provided by landlord
- Sole tenant – good identity
- Known entities in landlord and geography

Cons:

- Multi-floor layout could be challenge, not necessarily
- Lower ceiling height – 16'
- Parking for election night
- Entry and lobby requires reconfiguring to accommodate security and ADA compliance



New Construction Alternative

Cuyahoga County Property Consolidation Initiative II

- Evaluated by CBRE, URS, and PCS at Council's suggestion
- New Construction Occupancy Estimates
 - Estimated Cost to construct and relocate into new facility – \$34.9M
 - Does not include land acquisition – requires minimum 6 acres
 - Does not include environmental abatements, site work, soil remediation potentially necessary
 - Additional Operational Costs over years 1-10 of \$11.5M; years 11-20 of \$13.1M
 - Total 10-year cost of \$46.4M; 20-year cost of \$59.5M
- Halle Warehouse Occupancy Estimates
 - Total occupancy cost years 1-10 of \$16.8M; years 11-20 of \$16.3M
 - Does not factor in options to give back space every 5 years
 - Ownership option at \$1 after 20 years
 - Total 10-year cost of \$16.8M; 20-year cost of \$33.1M

**Costs include construction and occupancy estimates but do not include FF&E, Technology, and Security*

Consolidation Cost Comparison

2013 Estimated Annual Facility Budgets

Occupied Records and Storage Facilities

■ County Archives	\$424,600
■ 2344 Canal	\$83,200
■ Halle and Tyler Village	\$591,000
■ West 4 th Street Storage	\$25,200
■ Branchton, PA	\$14,800
Subtotal	\$1,138,800

Other Unoccupied Facilities for Sale

(Significant portions currently used as de facto storage areas)

\$2,105,414

Estimated Year 2 Cost of Proposed Processing Center

(Costs stabilize after Year 1 Abatement and Renovation Investment)

\$1,269,400





Initiative II Proposed Project – Halle Industrial Warehouse

- Project Scope
- County History at Halle
- Recent Halle Concerns
- Summary of Recommendation
- Next Steps

Halle Project Scope

Cuyahoga County Property Consolidation Initiative II

- Process Facility Manager position established
 - Job Description drafted
 - Located on site
 - Development of acquisition, processing, and storage protocols
 - Identify preferred labeling system, software, shelving, and equipment
 - Establish internal Memorandum of Understanding (MOU) with BOE regarding security, parking, use of elevators and docks

FROM:		TO:	
MADE IN USA			
ACCT NUMBER			
QUANTITY	SHIPMENT CODE	SENDER	
 (01)00000000432323		MFG DATE: NET WT:	

Example Label

Halle Project Scope

Cuyahoga County Property Consolidation Initiative II

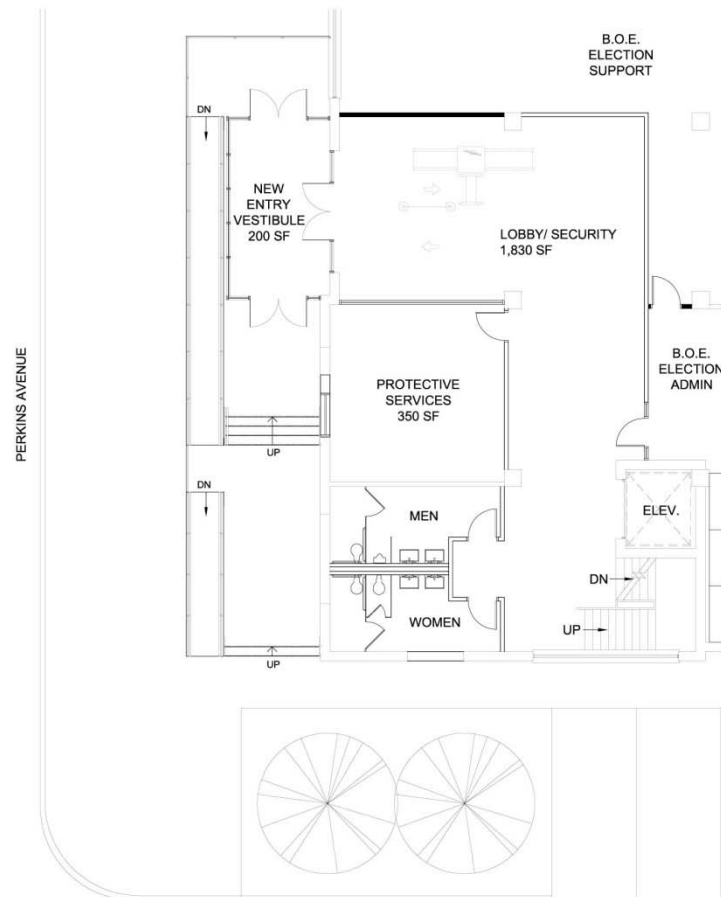
- Major Landlord investment in property infrastructure
 - Roof and envelope repairs and replacements to make weather tight
 - HVAC and Elevator maintenance / repair
 - Window replacements
 - Stairwell repainting
 - \$2.25M contribution to Tenant-directed project
- Comprehensive reconfiguration and renovation floor by floor
 - Lower Level – Increased parking, enhanced storage
 - 1st Floor – New entry and lobby with ADA access, security / scanning at entry, new restroom, print shop, BOE staging, security and facility management office, expanded dock access



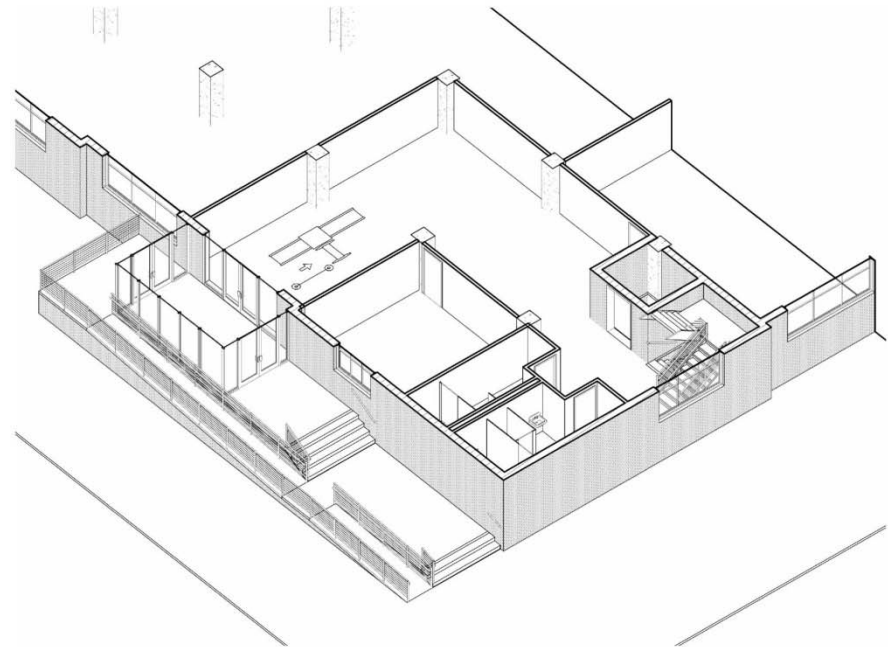
Halle Project Scope

Cuyahoga County Property Consolidation Initiative II

➔ ENLARGED ENTRANCE FLOOR PLAN



ENTRANCE MODEL VIEW

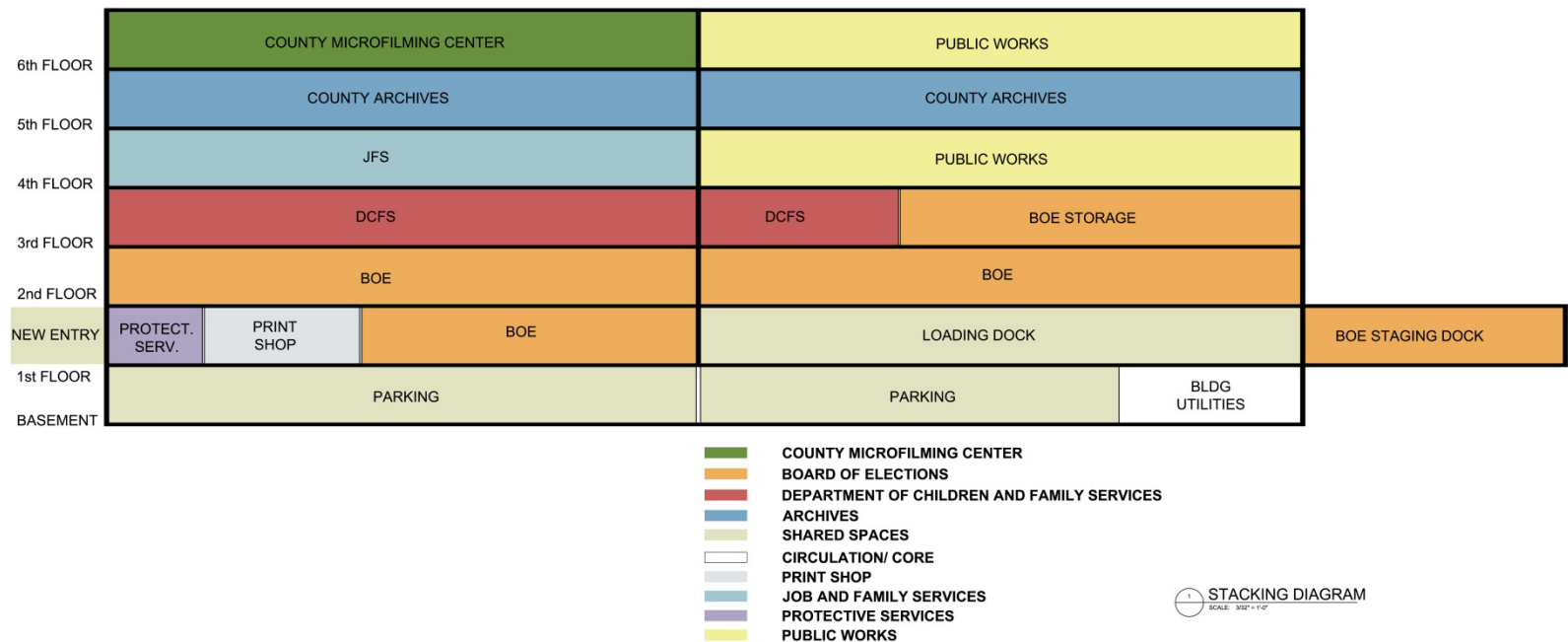


Enlarged Entrance 3D View

Halle Project Scope

Cuyahoga County Property Consolidation Initiative II

- Comprehensive reconfiguration and renovation floor by floor (continued)
 - 2nd Floor – BOE Renovations
 - 3rd Floor – Department of Children's and Family Services relocation and consolidation, BOE equipment storage expansion
 - 4th Floor – Jobs and Family Services consolidation, eventual storage capacity for Public Works or other agencies
 - 5th Floor – Creation of County Archives
 - 6th Floor – Creation of County scanning and microfilming center, additional Public Works property storage



Halle Project Scope

Cuyahoga County Property Consolidation Initiative II



Area Parking

(60-70 garage spaces in Halle Lower Level)



County History at Halle

Cuyahoga County Property Consolidation Initiative II

- Halle Industrial Warehouse originally intended for different use
 - Storage facility with limited occupancy – ballots originally tabulated at Euclid and East 30th
 - Lease agreement outlines typical warehouse terms and conditions
 - Initial renovation, subsequent renovations, and electrical/data cabling were at County direction and never contemplated a total overhaul like what is being proposed
 - HVAC systems transported from County's previous facility and installed at County request
- County transition stressed consistency of communication, use, payment, and lease commitment
- County main point of contact for facility issues historically not on-site
- Neighbors have historically been beneficial to County
 - Iron Mountain put little to zero stress on loading docks and elevator usage
 - Required little attention, allowing ownership to provide on-site maintenance 8 am – 12Noon daily – atypical for warehouse facility
 - Required little to no parking, had no visitors
- Current feedback from County agencies occupying facility is that ownership service and communication now are responsive and effective



Halle Concerns

Cuyahoga County Property Consolidation Initiative II

- Capability of Graystone and Maintenance of Property
 - CBRE independent review of Graystone's maintenance logs that have been verified by BOE indicate a responsive and professional level of service
 - Verified concerns typically do not appear to be issues of management or maintenance, but rather facility, usage, and scheduling challenges
- Facility Issues and Resolution in Project
 - Windows – Replaced by Landlord where not yet modernized
 - Leaks – Repaired by Landlord, notably garage roof at SW corner
 - HVAC – Existing addressed by Landlord, new included in Tenant-directed project
 - Elevators – Existing addressed by Landlord, all brought into service
 - Electric and Data Systems – Upgraded, modernized in Tenant-directed project
 - Restrooms – No known issues since April 2013. Typical breakdown issue is flushed refuse. Upgrading and enhancement in Tenant-driven project
 - Stairwell Aesthetics – Repainting by Landlord
 - Premises Aesthetics and Reconfiguration – Upgraded in Tenant-directed project
 - Water, Air Quality, Mold Concerns – Following anonymous complaint to Ohio BWC in July 2013, complete testing by state and County revealed no issues
 - Landlord Performance – Lease includes new clauses that provide for County to exercise self help, enforce rent setoffs, and rent abatement in the event Tenant's operation is impacted

Executive and Consultant Recommendation

Cuyahoga County Property Consolidation Initiative II

- Halle Industrial Warehouse Proposal
 - Lowest overall cost – By nearly \$2M over initial term
 - Existing departments already in facility – limits disruption, cost of construction
 - Landlord financing with limited complications
 - Mutual interest in establishing and enhancing communication / maintenance protocols
 - Ownership has other facilities in proximity
 - Location with good proximity to existing BOE main offices, CBD, and highways
 - Stand-alone facility providing signage and identity
 - 8 Loading bays and 5 freight elevators that can support functions of multiple organizations during periods of varying activity levels
 - Multi-floor layout may provide interesting opportunities to separate functions with different levels of activity and types of visitors (eg. furniture storage from Archives)
 - Opportunity for additional space, opportunity to shed space
 - Option to transfer property to County at conclusion of lease for \$1 – caps lease expense





Next Steps – Where Do We Go From Here?

Cuyahoga County Property Consolidation Initiative II

- Second Reading and review by County Council
 - Continue to develop and refine project scope
 - Establish internal MOU with BOE regarding security, parking, use of elevators and docks
- Committee action to reject proposal
 - Maintain status quo going forward for Archives, Board of Elections, and dispersed Storage Facilities. Will require County to acquire additional space to accommodate storage of property and files coming from various properties under consolidation.
 - Investigate alternative options (currently unknown) – 18-36 month period. Will require re-engagement of consultants and internal team.



Questions



Thank You